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Summary record of the 28th meeting
Held at Headquarters, New York, on Tuesday, 4 November 1997, at 3.30 p.m.

Chairman: Mr. de Rojas ..... (Venezuela)

Contents

Agenda item 95: Macroeconomic policy questions (*continued*)

(a) Financing of development, including net transfer of resources between developing and developed countries (*continued*)

(b) Trade and development (*continued*)

Panel discussion on financial and development issues in emerging markets

Agenda item 97: Sustainable development and international economic cooperation (*continued*)

(c) Population and development (*continued*)

(d) International migration and development, including the convening of a United Nations conference on international migration and development (*continued*)

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97-82460 (E)

The meeting was called to order at 3.50 p.m.

Agenda item 95: Macroeconomic policy questions (*continued*)

(a) Financing of development, including net transfer of resources between developing and developed countries (*continued*)

(b) Trade and development (*continued*)

Panel discussion on financial and development issues in emerging markets

1. **Mr. Ahmed** (Associate Administrator, United Nations Development Programme (UNDP)), acting as moderator, introduced the panellists: Mr. Buira (Banco Nacional de México), Ms. Lim (University of Michigan) and Mr. Sengupta (Indian Planning Commission).

2. **Mr. Buira** (Banco Nacional de México) said that, in a country faced with the dilemma of whether to "sterilize" monetary expansion resulting from a surplus in its balance of payments or to allow monetary aggregates to expand as a result of capital inflows, complete sterilization would mean the total re-export of such capital through an increase in its central bank's international reserves. The consequences of adopting such a policy would be that incoming foreign capital could not be used to supplement investments in the country. Another factor to be considered was that the central bank would issue domestic liabilities at high interest rates in order to acquire the excess supply of foreign exchange and thus might incur substantial losses, since the interest payments on those liabilities were normally higher than the yield on foreign exchange invested abroad. Therefore, if capital inflows were to be used to increase the productive capacity of the economy, at least a part of such inflows must be monetized since monetization tended to increase expenditure and also contributed to an increase in imports.

3. At the same time, there were good reasons to conduct partial sterilization of capital flows. First, the flow of foreign investment could be reversed, and it was therefore useful to accumulate sufficient international reserves to counteract possible capital outflows. Secondly, if capital inflows were very large, a country might be faced with an excessive increase in aggregate demand, which would produce unacceptable inflationary pressures. Thirdly, a case could be made for the imposition of liquidity requirements and limits on bank foreign-currency liabilities in order to discourage excessive short-term borrowing by commercial banks.

4. In the absence of macroeconomic imbalances and distortions in relative prices in the economy, capital inflows were beneficial since they supplemented domestic savings and, consequently, allowed a greater amount of investment or, more generally, a greater volume of consumption and investment. New investment opportunities increased an economy's absorptive capacity. Countries that received private capital inflows were usually countries that had undergone structural transformations that improved the medium- and long-term prospects for their economies.

5. At the same time, policy makers had expressed concern at the real exchange-rate appreciation produced by capital inflows and its impact on the competitiveness of the export sector, and doubts about the sustainability of the inflows. Such concerns had often led countries to impose a tax on capital imports, which seemed to be effective only in the short term; to adopt trade-policy measures in order to insulate the export sector from real exchange-rate appreciation; to engage in further fiscal tightening so as to lower aggregate demand and curb inflationary pressures; to sterilize monetary expansion in spite of the potentially high quasi-fiscal losses that it tended to create; and to increase marginal reserve requirements on foreign inflows.

6. While large current-account deficits could be financed for prolonged periods, such deficits significantly increased the vulnerability of a country's economy to variations in international capital flows. When an important part of the funds used to finance the deficit was composed of short-term volatile resources, vulnerability was even greater. Although determining what was a sustainable deficit might not be an easy task, awareness of that vulnerability could lead authorities to limit the current deficit to a certain level.

7. A country that was attractive to foreign investors was faced with a paradox: as inflows eventually translated into a growing current-account deficit, the same investors who had been eager to bring in their capital might look at the size of the deficit and withdraw their funds, thereby precipitating a payments crisis. Thus, as capital inflows gave rise to a current-account deficit, they ironically became the country's weakness. Moreover, vulnerability was compounded when domestic financial institutions were themselves weak and unable to withstand a major reversal of capital flows. Reducing a country's exposure to the volatility of external capital while sustaining a healthy level of investment required an increase in national savings. One way to accomplish that would be to develop pension programmes.

8. The liberalization of cross-border flows had led to the internationalization of investments by institutional funds. That had generated a large supply of funds that tended to be

yield-sensitive and that responded swiftly to changes in sentiment about recipient economies. Abrupt and massive changes in capital flows left policy makers and private agents very little time to adjust. The December 1994 devaluation of the Mexican peso had resulted in a liquidity crisis of huge proportions as capital flows had been not only interrupted but reversed. The Bank of Mexico had now imposed a limit on the foreign-currency denominated liabilities that commercial banks could take on.

9. Measures to discourage short-term capital, including the adoption of a floating exchange rate, might be seen as a means of reducing the risks of a large current-account deficit and of neutralizing the effect of market imperfections. In the event of capital withdrawal, a difference might arise between individual and social costs. While an investor might bear a market-imposed reduction in the value of his investment in an emerging market, which often accounted for a small proportion of his portfolio, a massive capital outflow might cause the financial collapse of an economy.

10. The Mexican crisis had raised a number of issues for developing countries that had undertaken internal reforms and external opening. Such countries had to consider how best to determine what constituted the danger level for the current-account deficit; what were the appropriate policies for coping with short-term capital movements and a sudden change in market sentiment; how to distinguish between temporary and permanent shocks; whether the blanket removal of restrictions on capital inflows was always a good thing or whether certain conditions should be met before capital flows were fully liberalized; whether it was possible to sterilize massive capital inflows or whether a country could be expected to offset capital inflows by running large fiscal surpluses. Financial markets were currently able to condition and modify national economic policies and could force exchange-rate adjustments or even impose a change of the exchange-rate regime; they could also increase the volatility of the prices of financial assets, generating or increasing imbalances that might lead to inflation and recession. Financial markets could transmit tensions from one market to another, increasing the probability of systemic risks for which the world was not yet prepared. There had been a shift of power from Governments to the markets. Over the past few weeks the turmoil in South-East Asian financial markets, in particular those of Hong Kong, had demonstrated that sound economic policies were not of themselves sufficient to ensure stability and protect a country from a financial crisis.

11. Under current arrangements, access to liquidity was concentrated in industrial countries and a few developing countries. At the end of 1995, 22 industrial countries and 18 developing countries with access to international capital markets controlled 91 per cent of international reserves. The remaining 145-odd countries, held a very low share of total world reserves and had little access to private international financing. As a result, they were forced to acquire more adequate reserves through extensive borrowing on the market – in the few cases where markets were prepared to lend to them – or through compression of domestic demand for input, which would be inimical to their reform and growth efforts. Developing economies with limited or no access to financial markets were unable to exploit their growth potential because of a lack of liquidity, and were forced to rely almost exclusively on exports to meet their liquidity needs. Moreover, those countries did not have a diversified export base and were very vulnerable to fluctuations in commodity prices. Thus, a lack of liquidity introduced a deflationary bias in the performance of developing countries and, through lower international trade, on that of the world economy. That was inconsistent with the Articles of Agreement of the International Monetary Fund (IMF). Unfortunately, the Fund had not played a role in creating and distributing international liquidity.

12. In spite of the acceptance of the objective of making special drawing rights (SDRs) the principal reserve asset of the system, SDRs as a proportion of world reserves had declined from 4.5 per cent of the total in 1975 to around 1.5 per cent in 1997. A few weeks earlier, at its annual meeting, the IMF Board of Governors had agreed on a proposal for a one-time special allocation of SDRs of $21.4 billion, which would raise the amount of SDRs to a total of $42.9 billion. However, those SDRs would not be distributed according to quotas, as the Articles of Agreement required, but would be allocated on so-called equity grounds, mostly to the former Soviet Union and Eastern European countries, a group of largely middle-income countries. For a large number of countries, insufficient liquidity required the adoption of restrictive economic policies.

13. The process of financial innovation and deregulation and liberalization of financial markets throughout the world had led to more integrated and globalized capital markets. In addition, technological advances had increased the speed at which financial transactions took place. As a result, the amount of capital trade on international markets had surged in recent years. However, markets had shown a tendency towards major fluctuations, which posed new and difficult challenges for financial authorities and for the international community. Thus, one could well ask whether, in current conditions, the full liberalization of capital movements was an appropriate measure.

14. Capital flows to emerging economies were often volatile for reasons that bore little relation to country risk. Industrial countries normally formulated their policies based on their own domestic considerations with little regard for the international repercussions of their actions. On several occasions, that had led to much higher levels of real interest rates and exchange-rate fluctuations, which had increased the cost and diminished availability of international financing to developing countries. Capital flows and commercial bank lending had been cyclical. Capital flows were at their highest when economic and business prospects were good, but tended to decline when the economy slowed down or when problems or uncertainties of any kind appeared. Thus, capital markets themselves tended to undermine the countries' credit-worthiness.

15. Market behaviour was often characterized by information asymmetries and contagion effects. Country-risk analysis was often dominated by herd behaviour. Recent episodes of financial-market turbulence had shown that a country could lose its credit-worthiness overnight. In some cases, such a loss of credit-worthiness was justified. However, countries could face abrupt changes in the cost and availability of liquidity when unexpected events triggered shifts in market sentiment, creating a strong need for additional reserves. In many cases, the process of restoring credit-worthiness was unduly delayed, since investors tended to wait for the country to recover. Official agencies, regulating banks and existing official credit and rating agencies could help but they sometimes monitored a country's compliance with a programme for a year or more before revising their appraisals.

16. The new challenges posed by the growth and liberalization of financial markets called for a parallel development of international financial institutions capable of acting as overseers and, if and when appropriate, as regulators of international flows. The risks arising from the volatility of capital, which were currently assumed, for the most part, by recipient countries, must be more widely shared, especially by investors. Investors must be made aware of the impact that their actions had on a country's economy, and provided with incentives to act responsibly. That could mean that, if a sudden and massive reversal of capital flows caused a major financial crisis in a country, the authorities, in consultation with and possibly under the supervision of IMF, should impose certain limitations on capital withdrawals. In addition, the Fund should be in a position to act as a lender of last resort to countries facing speculative attacks.

17. Undoubtedly, increased capital flows were a recent phenomenon that called for increased financial support from the Fund. That would be consistent with the purposes of the Fund and, in particular, with the provisions of article 1 of the Articles of Agreement. Developments along those lines would enable the world to benefit fully from the considerable contributions that international capital flows could make to development financing while minimizing the risks posed by unbridled speculative capital movements to recipient countries.

18. **Ms. Lim** (University of Michigan) said that the countries of South-East Asia included some of the most open economies in the world where foreign direct investment over the past 30 years had fuelled remarkably rapid growth and access to foreign markets. While there might be some merit to criticisms regarding, for example, their over-dependence on readily available foreign capital, the wasteful use of funds by both Governments and private corporations in the region or the over-eagerness of foreign capital itself to lend on fairly flimsy criteria, foreign capital alone was not to blame for the ongoing South-East Asia currency crisis and the ensuing economic slowdown. Governments and corporations were equally to blame. When the United States dollar had started appreciating against the yen, Governments had failed to tighten domestic fiscal and monetary policies, while corporations had failed to hedge their dollar loans because of the high interest costs involved. The result had been ballooning current-account deficits and the slowing down of capital inflows as export and asset competitiveness had eroded with increasingly overvalued currencies. Cautious short-term investors had withdrawn their funds and currency traders had launched attacks on the Thai baht because Thailand was the weakest country in terms of economic and political fundamentals. Following the baht's fall, speculators had turned to other currencies in the region which exhibited many of the same weak fundamentals. While some depreciation had been expected in the currencies of other countries of the region, their persistent and continued decline beyond the expected 10 to 25 per cent levels, the rate of appreciation of the dollar against the yen, was surprising. South-East Asian currencies were now undervalued by as much as 40 to 50 per cent.

19. Rapid recovery appeared unlikely, mainly because of the slowness of some Governments to undertake the appropriate fiscal and monetary measures and the effect of external shocks but also because speculators had lost confidence in the region's currencies. Those developments demonstrated, *inter alia,* that Governments needed to manage their own fiscal and monetary policies to ensure that exchange rates were credible, and that private financial and industrial companies needed to manage their loans better.

Such policies were necessary to ensure financial stability and promote the efficient utilization of capital.

20. Market imperfections were exacerbated in many developing countries by such factors as cronyism, lack of skills and transparency and also information gaps, which made it difficult for market actors to properly assess risks and returns. In an increasingly integrated world economy, the margin for error by both market actors and Governments was much smaller and the risk of contagion to other economies was greater. That was why there was a need to impose some discipline on regional as well as global private financial flows.

21. The South-East Asian experience showed that while capital market liberalization was beneficial in the long run to the economic development of developing countries, such liberalization should not proceed until the proper institutional bases had been laid and the necessary skills developed. Otherwise, liberalization and growth were likely to be interrupted and restrained by the cost of increased risk and volatility. Globalization must benefit everyone, especially the developing countries. The remedy lay not in turning away from the world but in embracing it even more closely.

22. **Mr. Sengupta** (Indian Planning Commission) recalled that private capital accounted for an increasingly large proportion of foreign capital flows. Therefore, if the international community wanted to provide more funding to developing countries, it must devise methods to increase private capital flows to those countries and also learn how to manage such flows. What had happened in Mexico and in South-East Asia made that very clear. According to all the so-called macroeconomic fundamentals of the international monetary system, the South-East Asian countries had been doing extremely well and satisfied all the criteria of good governance. Yet because of their confidence in those countries' economies and ability to pay, private investors had extended loans to them without inhibition. There probably had been some over-borrowing, particularly short-term borrowing, but it was hard to tell when exactly the level of borrowing had passed the limit of prudence. It was also extremely difficult to hedge against movements in totally exogenous factors. The sharp rise in the United States dollar against the Japanese yen had undermined the competitiveness of South-East Asian countries, whose currencies had been mostly tied to the dollar. Had the yen appreciated, rather than the dollar, which might well have happened, the situation would have been just the reverse.

23. While some prudent regulation would be welcome, especially in the banking sector, it was important not to cross the thin line between regulation and over-regulation. The international community might seriously consider setting up a contingency facility, managed by the International Monetary Fund, to which countries facing a financial crisis could have access, provided they were eligible according to pre-determined criteria. The mere existence of such a facility would in many cases be enough to discourage speculative shocks. Had such a mechanism existed during the Mexican crisis of 1994, it would not have been necessary to hold urgent negotiations.

24. Private capital flows, another aspect of management, were concentrated in 12 to 20 countries; indeed, 75 per cent of private flows had gone to 12 countries in the past five years. Noting that in the European countries and in the United States of America, Governments offered incentives for investing in backward regions, he suggested that foreign aid that was not channelled into the social sector or infrastructure could perhaps be used to attract substantial private flows to low-income developing countries in Africa, Asia and Latin America that were currently excluded. Such capital subsidies would assure prospective investors that Governments were prepared to bear a portion of the risk.

25. **Ms. Djatmiko** (Indonesia) asked Mr. Buira whether dealing with currency crises in a more timely fashion would prevent their contagion. She also wondered whether the recently proposed Asian fund initiative could act as a contingency fund to forestall crises.

26. **Mr. Buira** (Banco Nacional de México) replied that a lender-of-last-resort scheme or an emergency facility might prevent a crisis from occurring. Such facilities were designed to boost the confidence of the markets and the countries concerned. Of course, sound national financial and economic policies would have to be a precondition for receiving international support in a crisis. Support was costly only when it was provided after the fact, when a country's economy had already deteriorated.

27. **Mr. Sengupta** (Indian Planning Commission) said that he did not yet know the full details of the Asian fund initiative announced only days earlier. It seemed to him, however, that such a fund would not be equipped to act as a contingency facility.

28. **Mr. Ojimba** (Nigeria) suggested that the major industrialized countries were exploiting opportunities for speculation. He wondered what measures could be taken to protect fragile economies in such cases and whether the monitoring role of the International Monetary Fund (IMF) should be more clearly defined.

29. **Mr. Sengupta** (Indian Planning Commission) said that certain countries would remain vulnerable until their transition to a market economy had been completed. He did not necessarily believe that speculators were exploitative. Rather, it was the task of the international community to prevent such attacks on fragile economies by implementing sound and appropriate policies.

30. **Mr. Cordeiro** (Brazil) inquired about the preconditions for orderly capital account liberalization and the time-frame involved. He wondered whether further liberalization of trade, particularly with respect to the exports of developing countries, such as textiles and agricultural products, would be a prerequisite for the universal liberalization of capital accounts.

31. **Mr. Buira** (Banco Nacional de México) replied that, while he understood the advantage of freedom of capital movements and capital investment, he had also witnessed the terrible impact that a reversal in capital flows could have. The preconditions for capital account liberalization should include sound public finances and a strong financial system. Nonetheless, sound policies were not in themselves sufficient to ward off speculative attacks. Trade liberalization would strengthen countries' balance-of-payments position and, as a consequence, their current accounts. However, a massive inflow of capital would result in a certain degree of appreciation and a growing current-account deficit, a situation that could make markets nervous. The European countries that were members of the Organization for Economic Cooperation and Development had themselves taken 25 years to liberalize their capital accounts, yet they were now calling on all countries to do so. That was unrealistic.

32. **Ms. Lim** (University of Michigan) said that macroeconomic policy was indeed a decisive factor. Thailand had long had exploding current account deficits and weak fundamental macroeconomic indicators. It was not clear why the markets had remained there and continued their lending operations. One possible reason was that the Bank of Thailand had not disclosed sufficient information to form a basis for sound judgement. Greed and stupidity had also come into play.

33. Governments had now become minor players in an arena where markets and the private sector were the main actors. For example, in Indonesia, macroeconomic policies had been sound but information about the much larger private sector had been lacking. Regulation of the number of banks established, their staffing and operation had also been inadequate. In general, the regulation and phased liberalization of the private sector were approaches that merited further consideration.

34. **Mr. Kebede** (Ethiopia) asked what steps small countries such as his own, which had embarked on programmes of structural adjustment and macroeconomic reform, could take to protect themselves from becoming the victims of currency crises.

35. **Ms. Lim** (University of Michigan) said that small countries should be cognizant of their own capabilities and attempt to invest – if necessary, with foreign aid – in managerial expertise in both the public and private sectors. They should also resist pressure to open up their financial markets to outsiders until they felt capable of managing them.

36. **Mr. Ahmed** (Associate Administrator of the United Nations Development Programme), Moderator, said that a number of conclusions could be drawn from the panel discussion. First, it was clear that poorly managed markets were not efficient and that the role of the private sector in development was increasing in the 1990s. Moreover, the recent financial crisis in South-East Asia had demonstrated that the impact of unpredictable market forces could extend to an entire region and even beyond.

37. Second, the efficient functioning of financial markets depended mainly on a strong national capacity to manage both those markets and the banking sector. Institution- and capacity-building were necessary to counter a weak financial sector: in the public and semi-public sectors, supervision must be strengthened in order to prevent over-borrowing or lending to specific sectors in times of rapid economic growth. With regard to private-sector banking, better management and a larger capital basis would be essential.

38. Third, a country's vulnerability was more likely to be reduced by investments that fostered broad-based development than by investments in a few capital-based projects and sectors. Recent events had made it clear that an emerging financial sector should not limit its activities to real estate financing and stock market speculation. Domestic and foreign private capital should be distributed more evenly so as to benefit the population as a whole and limit the risks of overheating in one sector.

39. Fourth, official development assistance could facilitate the increase of private capital flows to a greater number of countries. Development cooperation had a crucial role to play in equalizing the distribution of capital flows both among and within countries. Relatively small quantities of public resources could be used to attract private investment. Recent experience had shown that even countries with sound

macroeconomic policies were subject to the vagaries of the international capital market. An international system or mechanism, such as a contingency fund, was necessary to absorb, or – better yet – to prevent, such shocks.

Agenda item 97: Sustainable development and international economic cooperation (*continued*) (A/C.2/52/L.14 and L.15)

(c) Population and development (*continued*)

Draft resolution on Population and Development (A/C.2/52/L.15)

40. **Mr. Kisiri** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/52/L.15, which called for the convening of a special session of the General Assembly in 1999 to review and appraise the implementation of the Programme of Action of the International Conference on Population and Development.

(d) International migration and development, including the convening of a United Nations conference on international migration and development (*continued*)

Draft resolution on international migration and development, including the convening of a United Nations conference on international migration and development (A/C.2/52/L.14)

41. **Mr. Kisiri** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/52/L.14, drawing particular attention to paragraph 9.

The meeting rose at 5.50 p.m.

United Nations A/C.2/52/SR.29

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Summary record of the 29th meeting
Held at Headquarters, New York, on Wednesday, 5 November 1997, at 3 p.m.

Chairman: Mr. de Rojas ..... (Venezuela)

Contents

Agenda item 98: Environment and sustainable development

(a) Implementation of decisions and recommendations of the United Nations Conference on Environment and Development

(c) Protection of global climate for present and future generations of mankind

(g) Special session for the purpose of an overall review and appraisal of the implementation of Agenda 21

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97-82532 (E)

The meeting was called to order at 3.15 p.m.

Agenda item 98: Environment and sustainable development (A/52/25, A/52/112, A/52/217-S/1997/507, A/52/284, A/52/318, A/52/347, A/52/447-S/1997/775, A/52/460, A/52/514-S/1997/815)

(a) **Implementation of decisions and recommendations of the United Nations Conference on Environment and Development** (A/52/3, A/52/413)

(c) **Protection of global climate for present and future generations of mankind**

(g) **Special session for the purpose of an overall review and appraisal of the implementation of Agenda 21** (A/52/280, A/52/413)

1. **Ms. Dowdeswell** (Executive Director, United Nations Environment Programme (UNEP)), introducing the report of the UNEP Governing Council on its nineteenth session (A/52/25), drew attention to important developments in the programmes and structure of UNEP and to some reflections on UNEP reform in the context of United Nations reform.

2. One of the principal outcomes of the session had been the adoption of the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme, which asserted UNEP as the leading global environmental authority, with the role of setting the global environmental agenda, promoting the implementation of the environmental dimension of sustainable development within the United Nations system and serving as an advocate and catalyst for action in the environment field. To assist it UNEP had established a High-level Committee of Ministers and Officials to consider issues on the international environmental agenda, make policy and reform recommendations, and play an advisory role to the Executive Director. The mandate of the Committee of Permanent Representatives had also been consolidated to include review, monitoring and assessment of implementation of decisions and review of the draft programme of work and budget.

3. The Governing Council had agreed on the implementation of programme initiatives in areas of global concern, including environmental law; monitoring, assessment and early warning; measures to reduce risk from hazardous chemicals; and facilitating cooperation among the secretariats of environmental conventions. In view of recent financial instability, agreement on financing for 1997 and the coming biennium was also of crucial importance.

4. After reporting on programme achievements highlighted at the recent special session of the General Assembly, she turned to the issue of reform, noting that the Secretary-General had made several observations which were germane to UNEP in the context of United Nations reform. Specifically he had mentioned the need for interaction with civil society and the need to revitalize political and financial support. With regard to the former, she said that modern information technology and institutional networking would play a vital role in increasing the participation of major groups, including the private sector. As for financial support, the downward trend in contributions to the Environment Fund raised questions about the prospects for implementing the principles and programmes of Agenda 21. The Governing Council was exploring ways to ensure adequate, stable and predictable financing for UNEP, including augmentation of the contribution of the regular budget.

5. Mainstreaming environment and development considerations throughout the work of the United Nations system and ensuring overall coherence within the environmental sector were major challenges facing the international community. Even given its difficult financial situation, UNEP was responding to those challenges in an effective and resourceful way, so as to earn the future support of the international community.

6. **Ms. Waller-Hunter** (Director, Division for Sustainable Development), introducing the report of the Secretary-General on the outcome of the nineteenth special session of the General Assembly (A/52/280), said that the special session had been the first summit-level meeting held on United Nations premises where a high-level debate in the plenary had been conducted in parallel to negotiations on the final document. There had also been opportunities for active involvement by non-governmental organizations, which had been invited to address the plenary.

7. The final document of the special session, gave clear direction for further implementation of Agenda 21 through an action-oriented programme which clarified the understanding of sustainable development. It also included recommendations for the future work of the Commission on Sustainable Development for the period 1998-2002. Discussions between the Economic and Social Council and the Inter-agency Committee on Sustainable Development had resulted in agreement that future action would focus on implementation at the national level.

8. Preparations for the sixth session of the Commission on Sustainable Development were well under way. There would be new emphasis on the overriding issues of changing

consumption patterns and eradication of poverty. The Commission would also address a specific sector of the economy in detail at each session.

9. In conclusion, she noted that the next review of Agenda 21 would take place in 2002, and the Secretary-General would present his suggestions for that review to the General Assembly at its fifty-fifth session.

10. **Mr. Zammit-Cutajar** (Executive Secretary, United Nations Framework Convention on Climate Change), reporting on the results of the work being done under the Framework Convention on Climate Change, said that the scientific basis for the Convention was constantly improving. The Intergovernmental Panel on Climate Change was planning its third assessment report, which would have a new focus on the regional impact of climate change directed in particular at policy makers.

11. The Convention was founded on the common commitment of all Parties to provide information about their efforts to combat climate change. The Annex I, or developed, countries had submitted regular reports, although the picture that was emerging was not encouraging. It continued to show that most Annex I countries were not on track to lower emissions to 1990 levels by the year 2000. Provision of information by developing country Parties, however, had been disappointingly slow because of a lack of technical support for preparation of reports. The Convention secretariat was seeking additional help in that area from the Global Environment Facility. Such reports provided important data which would serve as a yardstick for measuring future improvements and give countries an opportunity to indicate the areas where they sought cooperation and investment.

12. The possible protocol to the Convention, which would be the subject of the Kyoto meeting, was intended to strengthen the Convention by strengthening the commitment of developed country Parties. As a result of recent preparatory discussions, the draft texts defined more clearly the political choices to be made and the path towards consensus. While the main parameters of the emissions targets and timetable had been set, it remained uncertain whether the target would be uniform for all countries or would be differentiated according to a burden-sharing formula. No new commitments would be made, although existing ones would be advanced.

13. The future protocol was likely to contain an article spelling out in detail how developing countries could fulfil their commitments under the Convention, along with a proposal to allow Parties to set targets for themselves and a provision for review of commitments.

14. The Convention was about environmental protection, but it also had to do with sustainable development. In a world driven by globalization, it was important to alter the dominant model, to educate and to persuade. The developed countries had accepted the challenge of leadership in that area. The message must be sent that business as usual in the energy and transport sectors was a thing of the past.

15. **Mr. Kamando** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, said that the adoption of Agenda 21 had been a unique expression of universal commitment to the formation of a new global partnership to enhance sustained economic growth and sustainable development. Five years later, however, the special session of the General Assembly had shown that little progress had been made towards achieving its goals, primarily due to failure by the developed countries to fulfil their obligations concerning the provision of additional financial resources and the transfer of technology. In addition, two issues of critical importance to developing countries, freshwater and forests, remained unresolved.

16. The 25-year saga concerning the organizations dealing with the environment illustrated some of the major challenges facing the United Nations as an institution. The direct pressure exerted by some developed countries on the Environment Fund of UNEP in the 1970s had helped to steer the Organization away from an integrated approach to environment and development problems. UNEP and Habitat had faced major crises, which had affected their credibility. The situation was further complicated by the fact that the World Bank currently had substantial international influence in the environmental field. The World Trade Organization (WTO) was also involved through the environment/trade link, which presented an additional challenge to developing countries, as they were likely targets for environmental conditionalities and trade protectionism. In that context, the Secretary-General's proposals to strengthen and restructure UNEP and Habitat were timely and welcome.

17. In conclusion, it remained the firm understanding of the Group of 77 and China that the reform of the four subsidiary bodies of the Economic and Social Council in the environment field should be discussed in accordance with General Assembly resolution 50/227.

18. **Mr. Schumacher** (Luxembourg), speaking on behalf of the European Union, the Central and Eastern European countries associated with the Union — and the associate countries of Bulgaria, Cypress, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia and Slovenia — said that, the global environment was continuing to deteriorate rapidly, poverty was far from being eradicated

and social development was often uneven. Moreover, the world's production and consumption habits remained unsustainable, and emissions of pollutants, particularly toxic substances, greenhouse gases and waste, had continued to increase. The European Union regretted that the international community's efforts had not yet produced more tangible results, particularly in the area of rational use of energy and freshwater resources, climate change, protection and sustainable management of seas and oceans, and sustainable management of all types of forests. The European Union hoped that the intergovernmental dialogue on the sustainable management of forests would continue in the Intergovernmental Forum on Forests and result in a legally binding arrangement. With regard to climate change, the European Union was prepared to reduce greenhouse gas emissions to 15 per cent below their 1990 levels by the year 2010.

19. The European Union had made unremitting efforts to take better account of the goals of Agenda 21 in its national and community policies. It was continuing to make efforts in the fields of finance and technology transfer, technical assistance and capacity-building in order to help developing countries achieve sustainable development. The nineteenth special session of the General Assembly had reaffirmed that national resources would play a key role in funding sustainable development. The European Union reaffirmed its commitment to achieve the goal of devoting, as soon as possible, 0.7 per cent of its gross national product (GNP) to official development assistance (ODA). Given the need to enhance the quality and impact of such assistance, the European Union was prepared to step up its efforts to reverse the downward trend in the percentage of GNP allocated to ODA. At the fifth session of the Commission on Sustainable Development, the European Union had proposed initiatives on freshwater and sanitation, a common strategy for a sustainable energy future and ecological efficiency and was pleased that those initiatives had been included in the final document adopted at the nineteenth special session.

20. The proposals and recommendations contained in the final text of the special session could not be implemented without a spirit of partnership among all countries and without the equal participation of men and women at all levels of society. Within the United Nations system, bodies and programmes must continue to implement Agenda 21 at all levels and ensure that the latter became an integral part of every development strategy. In that context, coordination of work among the bodies dealing with the conventions on climate change, biological diversity and desertification was essential.

21. The decision taken at the nineteenth special session on the future methods of work of the Commission on Sustainable Development, and the preparation of the Commission's work programme for the period 1998-2000, would ensure better preparation of the Commission's annual sessions. The European Union welcomed the fact that the urgent issue of freshwater supplies was on the agenda of the Commission's sixth session; adequate preparation of that important issue was crucial if tangible results were to be achieved.

22. **Mr. Spitzer** (United States of America) said that sustainable development required Governments to integrate their economic, environment and social decision-making processes, since long-term economic growth could not be sustained without proper safeguards for the environment and natural resources and without social equity, human rights and democratization.

23. There was no doubt that greenhouse gas emissions were having an impact on the global climate and that the status quo was no longer acceptable. The United States supported effective and practical measures to address climate change and had proposed that, at its forthcoming third session, the Conference of the Parties to the United Nations Framework Convention on Climate Change should adopt binding targets to return greenhouse gas emissions to 1990 levels by the years 2008-2012, with reductions below 1990 levels in the five-year period that followed. Domestically, the United States had proposed a $5 billion programme of tax cuts and research and development for new climate-friendly technology. Climate change was a global problem that required the participation of all countries, and his delegation urged the adoption of market-based domestic and international emissions trading systems to ensure that reductions in greenhouse gas emissions were made in the most cost-effective manner possible.

24. His Government strongly supported the newly established Intergovernmental Forum on Forests and looked forward to participating actively in the Forum with a view to promoting sustainable forest management practices that provided for both long-term economic benefits and environmental protection.

25. The international community had recognized the serious environmental threat posed by persistent organic pollutants. Toxic chemicals and pesticides remained in the environment for a very long time and were transported long distances through the atmosphere and oceans. His delegation encouraged all countries to participate actively in the negotiations on a global convention on that subject and to work to reduce the damage caused by pollutants.

26. **Mr. Chowdhury** (Bangladesh) said that the nineteenth special session of the General Assembly had emphasized the importance of implementing Agenda 21 at the national level, and Bangladesh had endeavoured to prioritize environmental concerns in its policies, plans and strategies. It had enacted laws to protect the environment, set up "green courts" to deal with violation of those laws, formulated its National Environment Management Action Plan, ratified almost all major national international conventions on the environment and established a national coordination mechanism for sustainable development. However, a least developed country, Bangladesh, had extremely limited resources with which to implement the adopted programmes. At the same time, it was facing grave threats of continued environmental degradation. Without international assistance, its efforts to implement Agenda 21 at the national level would encounter serious difficulties.

27. There was a marked tendency to impose complex environmental requirements as a condition for trade with least developed countries, even though those countries' share in global trade was insignificant. Such requirements would further marginalize the least developed countries in world trade. Those countries required increased technical assistance, not increased restrictions, for access of their products to global markets and for progressive integration into the world trading system.

28. Unless poverty was eradicated, the international community would never be able to protect the environment. Any meaningful attempt to achieve sustainable development required effective national strategies as well as international support measures. While some encouraging progress had been made in that area, much remained to be done. The threat of continued greenhouse gas emissions and its effect on low-lying and densely populated countries like Bangladesh should be taken into consideration in global environmental planning. His delegation called on all major producers of greenhouse gases to establish a definite time-bound target at the next session of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

29. Sustainable management of forests was of great importance to all countries, especially Bangladesh, given its large population and diminishing forests. His delegation welcomed the establishment of the Intergovernmental Forum on Forests, and hoped that the work of the Forum would result in the protection and development of the world's forest resources.

30. Freshwater had been given a key position in Agenda 21. In Bangladesh, arsenic contamination of drinking water had already emerged as a great threat and required priority attention. His delegation was therefore pleased that the next session of the Commission on Sustainable Development would be devoted to freshwater issues.

31. **Mr. Pankin** (Russian Federation) said that the nineteenth special session of the General Assembly had provided a political impetus for beginning, continuing and completing important negotiating processes in the field of environmental protection. The establishment of the Intergovernmental Forum on Forests had reflected the progress that had been made in reaching a consensus on sustainable forest management, including the elaboration of an appropriate international legal instrument. His delegation hoped that the international community would be able to reach agreement on the recommendations of the Commission on Sustainable Development on the priority issues of freshwater and sustainable energy.

32. His delegation welcomed the conclusions and recommendations of the nineteenth special session concerning the strengthening of cooperation between various international institutions in the field of environment, especially UNEP and the Commission on Sustainable Development, as well as the Global Environment Facility. It was important to broaden cooperation with multilateral financial institutions that provided substantial resources for sustainable development projects, and also to continue the dialogue within the United Nations with a view to finding generally acceptable approaches to the funding of sustainable development activities, including the search for new and innovative sources.

33. His delegation welcomed the outcome of the first session of the Conference of the Parties to the United Nations Convention to Combat Desertification, in which the Russian Federation had taken part as an observer. The Russian Federation and a number of other countries were ready to become full-fledged parties to the Convention, provided that it was supplemented by another regional annex for the countries of Eastern Europe. That would reflect the specific interests of the Eastern European region and ensure the truly global nature of the Convention.

34. With regard to preparations for the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, his delegation considered that the General Assembly should not attempt to influence the delicate process of consensus-building that was currently taking place. Efforts should be made to ensure that new commitments to limit and reduce greenhouse gas emissions were realistic and achievable.

35. It was necessary to consider the future modalities of interaction between the General Assembly and the conferences of the parties of the three major conventions initiated in Rio. The Assembly should focus its attention on assessing the efficiency of the activities carried out under those conventions with a view to ensuring real progress in the areas covered by each convention. It was also important to link activities under the conventions with the priorities set by the Assembly in the field of global environment protection. The relevant UNEP coordinating mechanisms and, if necessary, the Assembly should ensure closer coordination of activities under the three conventions. The issue of funding for those activities was becoming increasingly important, and with time the conventions should become fully self-sustained from contributions by their parties. Interim agreements on joint financing should have clearly defined time-limits.

36. It was high time for the Second Committee to include in its agenda a sub-item entitled "United Nations conventions on environment protection". That would enable the Committee to consider the issue in a wider perspective, including the question of how the three conventions could be better linked with and complemented by activities under other existing international legal instruments in overlapping areas. No doubt, that would require comprehensive and analytical background information, which could be provided by UNEP.

37. **Mr. Saguier Caballero** (Paraguay), speaking on behalf of the countries members of the Rio Group, said that, while there had been many successful national efforts to protect the environment, action at the international level seemed to suffer from a lack of political will. The Rio Group countries therefore called on all Member States to redouble their efforts to comply fully with the commitments they had made in 1992 at Rio.

38. For them, the establishment of the Intergovernmental Forum on Forests was one of the principal decisions adopted at the nineteenth special session. The issue of freshwater deserved high priority on the international environment agenda for the coming years. They welcomed the decision adopted at the special session to establish in 1998 an intergovernmental dialogue on water within the Commission on Sustainable Development. However, that process would be effective only if the international community committed itself to providing new and additional resources for that task.

39. The Rio Group countries welcomed the approval at the nineteenth special session of the establishment of an intergovernmental group of experts that would meet in 1999 to prepare the substantive discussions of the ninth session of the Commission on Sustainable Development, which would be held in the year 2000. The regional initiatives that had been launched during the preparations for the special session on the issue of environment and sustainable development were of great importance. In that regard, the Rio Group stressed the commitments made in the Declaration of Principles, Plan of Action and the agreements reached during the Summit of the Americas on Sustainable Development, held in December 1996, in Santa Cruz de la Sierra, Bolivia.

40. While the Rio Group countries welcomed the results of the first Conference of the Parties to the Convention to Combat Desertification, they wished to stress that the issues dealt with in that Convention must be treated in the same way as the issues of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change. While a global mechanism had been planned to finance the Convention to Combat Desertification, the conventions on biological diversity and climate change remained under a provisional financial system; that situation should not continue indefinitely.

41. The Rio Group wished to stress the recommendation made by the General Assembly at its nineteenth special session that the Conference of the Parties to the United Nations Framework Convention on Climate Change should adopt a protocol with realistic and egalitarian goals with respect to the additional reduction of emissions by developed countries by the year 2020.

42. The General Assembly had recognized on several occasions that developing countries were vulnerable to natural catastrophes. Many countries in the Latin American region were currently suffering from the effects of the natural phenomenon known as El Niño. That phenomenon, which affected several regions of the world, had a great impact on population, environment and the global economy. It had been predicted that the effects of El Niño in 1997 would be the most severe of the century. The General Assembly should request the Secretary-General to implement, as a matter of urgency, an international early warning system that would help reduce the impact of El Niño. That should be done within the framework of the International Decade for Natural Disaster Reduction and as part of the Yokohama Strategy and Plan of Action. A meeting of experts and scientists should be convened in order to facilitate an exchange of information and national experience with respect to that ancient phenomenon.

43. **Mr. Yu Quingtai** (China) expressed regret that the trend towards global environmental degradation had not been reversed and that many of the objectives of the United

Nations Conference on Environment and Development had not been achieved. Adequate financial resources constituted a necessary precondition for developing countries to be able to implement Agenda 21. It was therefore urgent to explore means of mobilizing such resources from Government as well as private sources in order to reverse the present downward trend in Official development assistance.

44. Official development assistance (ODA) remained a major source of external funding for developing countries, particularly for the least-developed ones. In order to demonstrate their full commitment to global partnership, all developed countries should meet the target of allocating 0.7 per cent of their GNP to ODA. Furthermore, the international community should make concerted efforts to channel foreign direct investment towards the sustainable development of developing countries and help those countries to build up their domestic resource mobilization capacity. Developed countries should also foster an enabling external environment for developing countries, including by helping them address their debt problem.

45. In order to effectively implement the outcome of the United Nations Conference on Environment and Development, it was necessary to enhance cooperation in science and technology and to promote the transfer of technology. Protection of intellectual property rights should boost rather than hamper scientific and technological progress in the service of mankind. The Governments of developed countries should take the lead in transferring technology from the public sector, promoting technological cooperation and capacity-building while at the same time studying ways of directing private sector technology flows to developing countries. The principles laid down at the Rio Conference must be translated into actions. In that regard, breakthroughs in funding and technology were sure to reinvigorate the comprehensive implementation of follow-up actions to the Conference, thereby moving the whole world a step closer towards achieving the goal of sustainable development.

46. **Mr. Kerem** (Israel) said that the international community's expectations after the Rio Conference had perhaps been too high. Agreement had proved elusive and the decline in renewable resources had continued. The nineteenth special session of the General Assembly had achieved little and had been unable to reach consensus on the major problems.

47. Since the Rio Conference, international environmental activities had greatly increased in Israel and cooperation on subjects of international concern was a cornerstone of the policies of the Ministry of Environment. Israel was a party to some 15 global and regional conventions and had bilateral agreements with several of its neighbours as well as with many European countries. Furthermore, a comprehensive system of national environmental legislation had been put into place. Currently, there were some 125,000 people assisting the Ministry of the Environment in enforcing the environmental legislation. A comprehensive new programme for the management of air resources had also been adopted and it had been decided that beginning from 1994, all imported cars must be equipped with catalytic converters and must adhere to the standards of the European Union. Leaded fuel was also being phased out and research was being conducted on the possibilities of introducing a comprehensive clear air act.

48. Israel was attempting to formulate a comprehensive sustainable development programme which took into account the need for economic development and the need for environmental protection. It was also seeking, through fiscal incentives and national standards setting, to internalize environmental costs and assist industry and the general public in improving the environment. While his delegation welcomed the general pace-setting work done by the United Nations in that area, it regretted the slow pace of progress.

49. **Mr. Rawat** (India) said that in the five years since the Rio Conference, many developing countries, including India, had put in place, at considerable cost to themselves, legislative and policy frameworks to implement the commitments they had undertaken at that conference. For instance, it had evolved a national forestry policy and a policy statement on the abatement of pollution, and a national plan of action to consolidate conservation strategies in biodiversity was currently before Parliament. His country attached the highest importance to including all sections of society in the development of a national policy on the environment that recognized the crucial role of women. To ensure complete transparency in that process, a national statutory environment authority had been established and a mechanism was being established to provide relief for accidents occurring in the handling of hazardous substances.

50. His delegation was deeply concerned at efforts to erode the framework of partnership that had been labouriously built at Rio — notably the principle of common but differentiated responsibilities — with efforts to prescribe equal obligations and liabilities on unequal players. The transfer of environmentally sound technology on favourable terms to developing countries was also crucial if the Agenda 21 objectives were to be achieved. There was a need for effective follow-up to Agenda 21 and the broad range of General Assembly decisions and recommendations aimed at fostering progress in the various sectoral and cross-

sectoral areas of Agenda 21. The multi-year programme for the Commission on Sustainable Development provided a valuable basis for energizing the international community's efforts towards that end.

51. **Mr. Amaziane** (Morocco) recalled that the Earth Summit had ended on a note of optimism and hope. Everyone had agreed that the peace dividend following the end of the cold war would be used for financing internationally agreed development objectives. Unfortunately, the General Assembly had concluded at the end of its nineteenth special session that, even if encouraging results had been achieved in the area of sustainable development, the overall prospects were gloomier than in 1992.

52. Indeed, the progress achieved since Rio had been disappointing in all areas. Thus, the emission of pollutants was on the rise, unsustainable patterns of production and consumption continued to aggravate the threats to the environment, air pollution was spreading to developing countries while air and water pollution were getting worse. Furthermore, chronic poverty was exacerbating the degradation of natural resources and desertification while natural habitats continued to deteriorate, thus impoverishing biodiversity throughout the world. Freshwater, forest and fishery resources continued to be exploited in an unsustainable manner.

53. His delegation sincerely hoped that the international community would pool its efforts to ensure that the next assessment of the implementation of Agenda 21 would produce more tangible progress towards sustainable development. Morocco, which was convinced that sustainable development was the best means of achieving the aspirations of mankind for a just, prosperous and free world, would participate fully in that common endeavour.

54. **Mr. Aujali** (Libyan Arab Jamahiriya) said that the United Nations agencies and programmes had played an important role in encouraging dialogue on sustainable development and the protection of the environment following the Rio Conference. However, no tangible progress had been achieved with respect to the transfer of resources and technologies to developing countries, although such transfers were crucial to their development. On the contrary, ODA had declined even as the indebtedness of many developing countries, especially the poorest among them, had increased. Concerted efforts must be made to solve the debt problem, which was an impediment to the realization of sustainable development.

55. His delegation was deeply concerned at the dangers facing the Mediterranean Sea. The presence of foreign fleets in that sea was greatly detrimental to the environment. The damage was caused not only by the substantial amounts of fuel dumped into it but also by the introduction of new wide-net fishing in the deep sea.

56. His country, which was a party to several international conventions on the protection of the environment, had developed human-centred sustainable development programmes at the national level. Despite the boycott of the richest country in the world and the sanctions against his country, the great man-made river project was now in its final stages.

57. His Government was also concerned at drought and desertification, and it urged the international community to intensify its research in the area of the desalination of sea water and the development of drought-resistant plants, and to provide assistance in the detection of groundwater using new technology.

58. **Mr. Zaki** (Pakistan) said that the overall progress in the achievement of the goals of Agenda 21 had not been very encouraging. Growing poverty, stagnating economies, fragile institutions and declining export earnings had led to a deterioration of the environment. That continuing deterioration was mainly due to the reluctance of developed countries to implement Agenda 21. Developing countries were being advised to rely on foreign direct investment flows, yet 90 per cent of such flows was concentrated in only 26 countries.

59. ODA could play a critical role in the transition to sustainability, by promoting balanced private flows of trade, technology and investment and providing international public goods. Unfortunately, the debt burden constituted a considerable impediment in efforts to achieve high growth rates. In Pakistan, more than half of national revenues was spent on debt servicing, a major drain on the country's meagre resources. It was clear that the demand for new and additional financial resources under Agenda 21 could be met through the introduction of debt relief measures for the poor countries.

60. Developing countries desperately needed ecologically sound technologies. However, Agenda 21 had underscored the need for the transfer of technology although this seemed to have been completely forgotten. Overwhelming impediments still prevented developing countries from acquiring such technologies. While the Rio consensus derived from a shared global predicament, it seemed responsive primarily to the concerns of the developed countries. The latter kept on pressing the developing countries to take measures to protect the environment even though they themselves had not fulfilled their obligations to

implement the goals of Agenda 21 and were continuing their unsustainable and wasteful patterns of consumption and production. The institutional aspects also manifested the hegemony of developed countries over the follow-up process. The proliferation of sectoral meetings was outstripping the developed countries' ability to effectively follow the environmental discourse.

61. The agenda of environmental negotiations should be designed to look after the interests of both the developed and the developing countries. It should be more balanced and should focus on global issues as well as include questions of serious concern to the developing countries such as the global distribution of consumption, sharing the benefits of technology, providing requisite financial resources and seeking agreements on the elimination of poverty and underdevelopment.

62. **Mr. Hetteš** (Slovakia) said that the United Nations Conference on Environment and Development had marked a turning point for Slovakia. Following the Conference, a new system of environmental legislation had been created and a Strategy for a National Environmental Policy and a National Environmental Action Plan had been elaborated. Slovakia had conducted a public awareness programme on sustainable development and the new Capacity 21 programme of the United Nations Development Programme had been launched there in June.

63. His Government welcomed the Programme for the Further Implementation of Agenda 21. Slovakia's national sustainable development strategy was an umbrella for its social, economic and environmental policies. It intended to implement the conclusions of the special session of the General Assembly step by step.

64. His delegation fully supported United Nations efforts to eradicate world poverty. To that end, it stressed the need for coordinating government initiatives and international cooperation and the importance of basic social services and of food security. It welcomed the reforms concerning coordination of United Nations activities at the field level. The new resident coordinator system should, in consultation with national Governments, strengthen the implementation of Agenda 21.

65. **Ms. Trone** (Deputy Executive Director of the United Nations Population Fund) said that, building on Agenda 21, the International Conference on Population and Development had focused on the linkages among population, the environment and sustainable development. Its Programme of Action stressed that a healthy environment was necessary to meet the basic needs of a growing world population.

66. Reproductive rights and voluntary family planning were the centrepiece of the Cairo Programme of Action. Despite the growing trend towards smaller, healthier families, the global population would continue to grow by more than 75 million people annually for at least another decade; the fastest growth would occur in the poorest countries. As rapid urban growth and increasing consumption were putting pressure on natural resources and fragile ecosystems, population and reproductive health concerns must be addressed as an integral part of sustainable development efforts.

67. In helping countries to implement the Programme of Action, UNFPA was stressing population-environment linkages. Through its quarterly publication entitled "People and the Planet", it was building awareness of the relationship between population and environment. The integration of population and environmental concerns in development planning was a goal of its national programme review and strategy development exercises. In addition, a UNFPA-supported research project in Mauritius had measured the interdependence among population size and structure, technological development and the environment.

68. As the task manager of chapter 5 of Agenda 21 and a member of the Inter-agency Committee on Sustainable Development, UNFPA had been closely involved in the preparations for the special session to review the implementation of Agenda 21. In that connection, it had supported a number of important publications, including advocacy booklets on linkages between population and environment and guidelines for national policy makers and community leaders on integrating population and the environment in development planning and on population and development programmes in rural environments. Stronger inter-agency cooperation in the implementation of Agenda 21 and the Cairo Programme of Action was necessary, particularly at the country level. The new United Nations Development Assistance Framework should facilitate such cooperation, particularly with regard to national capacity-building, the development of information systems, research and training, and the mobilization of resources.

69. **Mr. Vaher** (United Nations Children's Fund) said that UNICEF welcomed the incorporation of a number of vital child-related issues in the Programme for the Further Implementation of Agenda 21 elaborated by the General Assembly at its nineteenth special session. It was pleased that top priority had been accorded to protecting children against environmental health risks and infectious diseases. Approximately 7 million children still died every year from preventable diseases aggravated by malnutrition. In addition, the HIV/AIDS epidemic was spreading, particularly in the

developing countries, and was even affecting infants. Environmental pollution aggravated the effects of traditional diseases, such as malaria, tuberculosis and acute respiratory infection, and caused irreversible damage to the child's physical and mental development. UNICEF therefore endorsed the Programme's linkage of health and environmental issues and its preventive approach. It would do its utmost to support international cooperation in that regard.

70. UNICEF applauded the renewed attention of the United Nations and the international community to freshwater issues. Within that context, priority should be accorded to water supply and environmental sanitation. It was possible that, by the year 2000, Africans would account for 60 per cent of the people without access to safe drinking water. The number of people without sanitation facilities had risen to nearly 3 billion, equivalent to half the world population. The problem was both quantitative and qualitative in nature; city slums and shanty towns faced the highest risk of excreta- and garbage-related epidemics, as exemplified by the recent cholera outbreaks in Peru and Guinea-Bissau. Millions of children every year died as a result of diarrhoea contracted in unsanitary environments. UNICEF and the United Nations Department for Economic and Social Affairs would coordinate the activities of the 1998 World Water Day, whose main theme would be "Groundwater — the invisible resource". He urged all Governments and international agencies to support the event by strengthening their water-related policies and organizing awareness-building activities.

71. Poverty eradication was vital to sustainable development and development aid, particularly multilateral aid, was vital to poverty eradication. Multilateral funding was effective in reaching the most vulnerable groups, building national capacities and transferring environmentally sound technologies on favourable terms. And yet, development aid had plummeted in the past five years. Targets for official development assistance were far from being met. It was estimated that an additional $80 billion per year over the next decade was needed to eradicate the worst aspects of global poverty; less than one eighth of that total would ensure universal access to safe drinking water and sanitation. That was well below the amount that could be mobilized if Governments honoured their commitments under the 0.7 per cent arrangement.

72. **Mr. Hamad** (United Nations Educational, Scientific and Cultural Organization) said that the Rio Conference had had a profound impact on UNESCO activities. Indeed, sustainability and poverty eradication were major strategic goals in the UNESCO Medium-Term Strategy, 1996-2001. UNESCO accorded top priority to the programme areas corresponding to specific chapters of Agenda 21, including education; the natural and social sciences; capacity-building; the transfer of environmentally sound technologies; oceans; freshwater resources; biological diversity; land use, including combating desertification; sustainable forest management; and renewable energy resources.

73. Intergovernmental scientific programmes were its major institutional modality for implementing those activities. The Programme for the Further Implementation of Agenda 21, adopted by the General Assembly at its nineteenth special session, gave strong political support to those programmes, including the Intergovernmental Oceanographic Commission, Man and the Biosphere, the International Hydrological Programme and the World Solar Programme. In accordance with the final document of the nineteenth special session, UNESCO was responsible for promoting education for sustainable development.

74. During the next session of the Commission on Sustainable Development, UNESCO would participate in the deliberations on freshwater management. In 1999, the International Oceanographic Commission would play a leading role in preparing the Commission's discussion of oceans and seas. At the session of the Commission to be held in 2001, UNESCO would have an excellent opportunity to seek enhanced support for the second five-year period of the World Solar Programme and to mobilize international support for the follow-up to the World Solar Summit.

75. As part of the follow-up to the nineteenth special session, UNESCO and the Government of Greece were jointly organizing an international conference on environment and society, to be held in December, which would focus on the theme of education and public awareness for sustainability. The Oceanographic Commission of UNESCO would coordinate a number of activities within the United Nations system in connection with the International Year of the Ocean in 1998.

76. **Ms. Arystanbekova** (Kazakhstan) said that the United Nations Conference on Environment and Development had been the first global forum in which Kazakhstan had participated as an independent State. Its deliberations had been extremely topical for Kazakhstan, which had to deal with extremely serious environmental problems. Consequently, the nineteenth special session of the General Assembly had been an occasion for her country to take stock of its progress in the past five years with regard to the environment and international cooperation.

77. Despite its economic difficulties, Kazakhstan was attempting to integrate environmental protection in its

economic policy. In 1991, it had adopted the Environmental Protection Act with a view to preventing man-made environmental damage; the National Council on Sustainable Development attached to the President of the Republic had recently been established. Moreover, environmental security had been acknowledged as a strategic component of national security. In 1996, Kazakhstan had begun drafting a national plan of action for environmental protection in the twenty-first century, in cooperation with UNDP, UNEP and the Global Environment Facility.

78. Kazakhstan had signed the documents adopted by the United Nations Conference on Environment and Development and it had acceded to the United Nations Framework Convention on Climate Change. It had also ratified the Convention on Biological Diversity and the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa.

79. Unfortunately, Kazakhstan was a microcosm of all the environmental problems of a modern industrialized civilization, including polluted water, poisoned air and low food quality, which severely threatened the health of the population and reduced life expectancy; the continuing processes of technology-induced desertification; the reduction of biodiversity; and expanding ecological disaster areas. It ranked among the environmentally most vulnerable countries according to principle 6 of the Rio Declaration on Environment and Development.

80. Kazakhstan's most serious environmental problems were in the region of the Semipalatinsk nuclear test site and the Aral Sea. The Semipalatinsk nuclear test site had been the largest in the world, covering an area that was comparable to the territory of many States. In the course of its 40 years of nuclear testing, including open-air and underground detonation of uranium, hydrogen and plutonium bombs, 1.2 million people had been subjected to ionizing radiation. Since 1950, the child mortality rate in the region had increased five to tenfold. Health-related and ecological casualties of the test site had included children born with pathological aberrations and a high death rate. During the nineteenth special session of the General Assembly, the President of Kazakhstan had raised the question of the responsibility of the nuclear Powers for the damage caused to the population and ecology of States where nuclear tests had been conducted and he proposed the establishment of an international fund for the rehabilitation of the health of the population and the environment in such regions, in accordance with principle 7 of the Rio Declaration.

81. The Aral Sea had once been the fourth largest sea in the world and had contained enormous fish stocks. Since 1960, it had lost 60 per cent of its volume as the result of the irresponsible use of water for irrigation, leaving 2.6 million hectares of the seabed exposed. As a result, every year, 200,000 tons of salt and sand were dispersed by the wind as far as Europe and the Arctic Ocean. The Governments of the Central Asian States, with the cooperation of international organizations, were making every effort to prevent further degradation of the Aral region. To that end, they had adopted the Almaty Declaration and proclaimed 1998 as Environmental Protection Year in the region under the auspices of the United Nations.

82. In conclusion, she called on all States to join the effort to resolve her country's urgent environmental problems and thanked those delegations which had attended the documentary films on the Semipalatinsk nuclear test site and the Aral Sea disaster.

The meeting rose at 6.10 p.m.